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November 29, 2006

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: In the Matter of Developing a Unified Inter-carrier Compensation Regime
CC Docket No. 01-92

Dear Ms. Dortch:

On November 29, 2006 Robert K. Eddy, Chairman of the Board of NECA, Bill Hegmann, NECA President and Chief Executive Officer, Randy Houdek, NECA Director, and the undersigned met with Chairman Kevin J. Martin and Michelle Carey, Senior Legal Adviser to Chairman Martin.

NECA representatives discussed NECA's historical and continuing role in managing the FCC's interstate access charge plan and in analyzing rural telecommunications markets. NECA also discussed its view that it could effectively implement changes in its processes to help advance inter-carrier compensation reform of the FCC's design.

NECA also explained its views about phantom traffic, emphasizing that effective inter-carrier compensation and universal service reform cannot be accomplished without resolving problems associated with uncompensated use of local telephone company network facilities by other carriers.

The attached information was presented in the meeting.

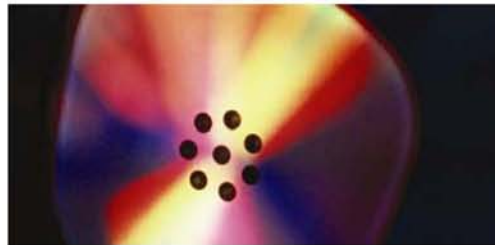
Sincerely,

A handwritten signature in black ink, appearing to read "Joseph A. Douglas". The signature is fluid and cursive, with the first name "Joseph" being the most prominent.

Attachment



Meeting with FCC Chairman Kevin Martin November 29, 2006



NECA Representatives:

Robert K. Eddy, Chairman of the Board of Directors

Bill Hegmann, President and Chief Executive Officer

Joe A. Douglas, Vice President Government Relations

Key Points

- *NECA provides critical services to ILECs in accordance with FCC rules and regulations, enabling them to stay focused on serving their customers.*
- *NECA is ready and able to implement revised intercarrier compensation mechanisms as directed by the Commission.*
- *NECA and its members are dedicated to achieving the Commission's goal of universal broadband deployment.*

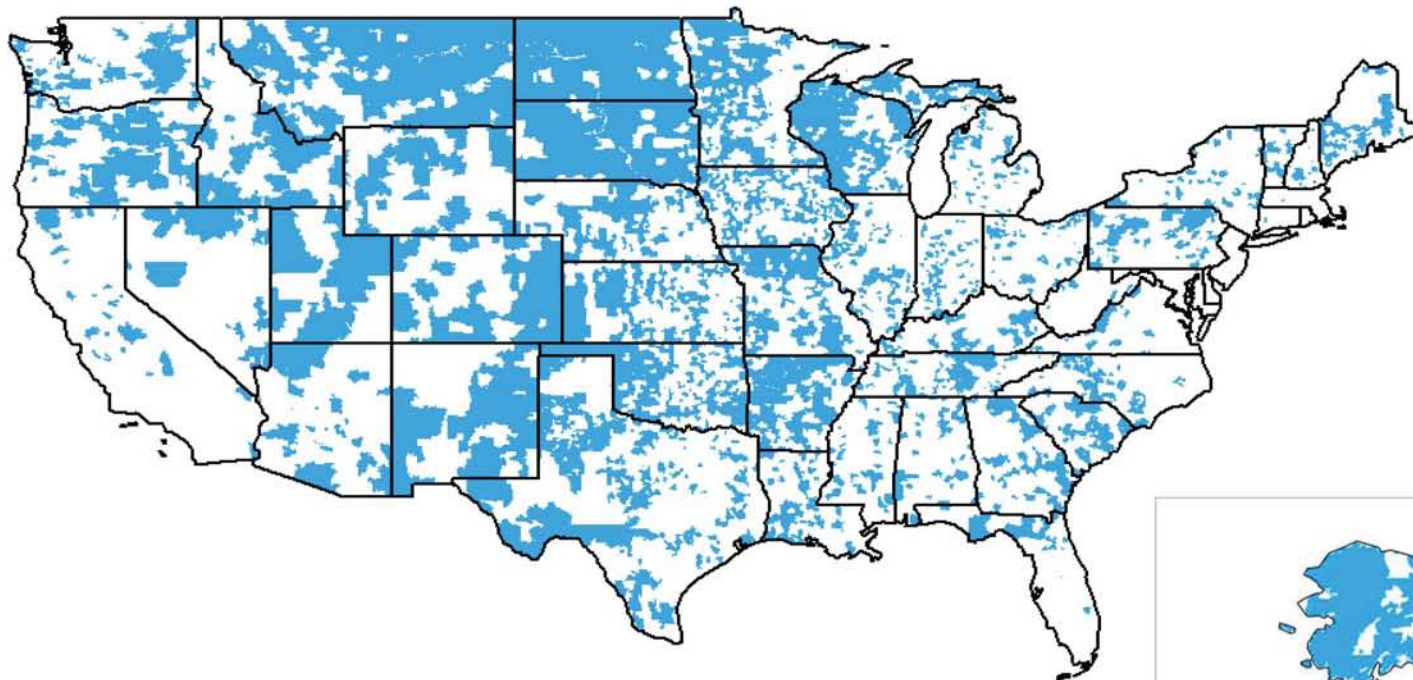
NECA Background

- Established in 1983 by FCC Order
- Association of all incumbent telcos operating pursuant to FCC rules, Part 69
- Governed by a 15-member Board of Directors
 - 10 Telco Directors
 - 5 Outside Directors
- Operating under the FCC's Part 69 Rules (Subpart G)

NECA Roles and Responsibilities

- Develop uniform access tariffs and rates for more than 1200 rate-of-return telephone company properties
- Operate access revenue pools of more than \$3 billion (common line and traffic sensitive combined annual revenue requirement) for more than 1200 telco properties
- Develop and file “average schedule” formulas
- File FCC Tariff No. 4 with the location and technical capability of more than 28,000 ILEC end office switches and over 4,100 non-ILEC end office switches
- Manage interstate Telecommunications Relay Services (TRS) Fund
- Manage the collection of FCC regulatory fees on behalf of 1200 companies
- Serve as key source for data and analysis of rural telecommunications markets

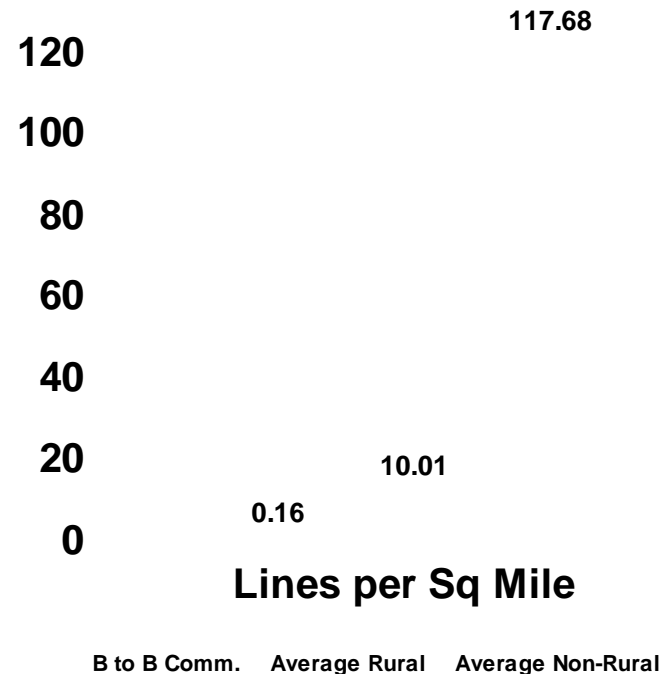
NECA Common Line Study Areas - Continental U.S.A.
(2005 - Quarter 1)



Source: Claritas & NECA Tariff 4

NECA Member Demographics

- NECA pool members serve 6 percent of the nation's customers, covering nearly 50% of the nation's landmass
- More than half of NECA telcos have fewer than 10 customers per sq. mi.
- Washington, DC has over 13,600 subscribers per square mi.
- Border to Border Communications in Texas serves 0.16 customers per square mi.



Balancing Revenue Streams

- By its FCC-assigned responsibilities, NECA has helped rural carriers achieve and sustain financial stability while they deliver reliable, affordable services to rural customers.

Rural Interstate Cost Recovery

31%

40%

29%

SLC Access High Cost

NECA Helps Achieve FCC and Industry Goals

- **2004** - Organized first industry conference on "Phantom Traffic"
- **2001, 2003 & 2004** - Co-sponsored (with NARUC) National Summit Meetings on Broadband Deployment
- **2001** - Implemented the MAG plan for rural telcos
- **1997** - Implemented new universal service mechanisms prescribed under the 1996 Act, including creation of USAC per FCC Orders
- **1993** - Implemented the interstate TRS fund
- **1989** - Implemented revised pooling and universal service mechanisms pursuant to the industry's "Unity 1A" agreement and FCC rules and orders
- **1983** - Implemented the Commission's original Access Charge Plan assuring a seamless transition to a new intercarrier compensation environment with no disruptions in service

NECA Studies Assist Policy Makers

- NECA is a unique and reliable source of telecommunications industry data and analysis.
 - **Packet Train Study** (2006)
 - Provides the latest data on the broadband revolution in rural America
 - Estimates network upgrade and triple-play multimedia package costs
 - Discusses implication of the packet revolution on USF and ICC reform
 - **Middle Mile Study** (2003)
 - Estimated cost to reach the Internet Backbone
 - **Last Mile Study** (2002)
 - Estimated cost of providing broadband facilities to rural telco end users
 - **Reports on Technology Deployment**
 - Track the technological advances of companies in NECA's traffic sensitive pool
 - More than 80% of TS pool members offer DSL

NECA Helps Rural Companies Provide DSL

- By enabling rural telcos to pool costs and offer tariffed DSL services at rates comparable to those offered by larger companies.
- By being the *first* to
 - offer both tariffed retail and wholesale DSL transmission
 - file data-only and voice / data SDSL service
 - file a standards-based ADSL access service
 - file a video-over-DSL transport service
 - offer ADSL with a nominal down-speed of 6 Mbps
 - offer DSL connectivity using Ethernet or IP carrier interfaces
- By working with vendors, members and their consultants to
 - develop IP packet services
 - migrate voice to packet transmission
 - use fiber and wireless loops
 - deploy more broadband

NECA Can Help Achieve 21st Century Telecommunications Goals

- *For more than twenty years, NECA has served its members and the Commission, implementing and administering key programs quickly and effectively.*
- *We are ready and able to help the Commission accomplish intercarrier compensation reform in a way that assures our companies can continue providing uninterrupted, reliable and affordable service to their customers.*
- *NECA is also a key resource for bringing rural customers into the broadband age. We and our members want the United States to sustain global leadership in broadband deployment.*

NECA Contacts

- Robert K. Eddy, Chairman of the Board
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